

**SALES AND USE TAX REVIEW COMMISSION
RECOMMENDATION PURSUANT TO P.L. 1999, C. 416**

BILL NUMBER:

A-153

DATE OF INTRODUCTION:

January 8, 2002

SPONSOR:

Assemblywoman Heck

DATE OF RECOMMENDATION:

March 26, 2002

IDENTICAL BILL:

COMMITTEE:

Assembly Senior Issues

DESCRIPTION:

The Bill exempts from sales tax certain sales by or to any senior citizens club organized for pleasure, recreation, or other purposes not generally viewed as exempt purposes under Federal or State law.

ANALYSIS:

Currently, the private organizations qualifying for New Jersey sales tax exemption are quite limited. They include those that are "organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary or educational purposes, or for the prevention of cruelty to children or animals or as volunteer fire company, rescue, ambulance, first aid or emergency company or squad", or parent-teacher associations. N.J.S.A. 54:32B-9(b)

These organizations meet the standards of U.S.C.A. 26M, 501(c)(3), which defines religious, scientific, educational and charitable groups.

This Bill proposes to add senior citizen organizations to the list of those that qualify under N.J.S.A. 54:32B-9(b). This type of group is currently categorized within the Internal Revenue Code as a 501(c)(7) organization. The Bill intends to amend the Sales and Use Tax Act to include "club[s], limited in membership to persons 60 years of age or older, that is organized for pleasure, recreation or other non-profitable purposes".

This proposed category is quite broad and seemingly unjustified by the traditional policy reasons underlying tax exemptions for certain private organizations. That is, briefly stated, that these groups have purposes that lessen the burden of the State and the public at large. No compelling reason has been brought before the Commission to justify the inclusion for senior citizens groups. The number of groups that currently do not qualify are enormous and no public policy reason has been demonstrated to justify providing special sales tax treatment to associations of New Jerseyans based solely on age.

RECOMMENDATION:

The Commission does not recommend enactment of this Bill.

COMMISSION MEMBERS FOR PROPOSAL: 0

COMMISSION MEMBERS AGAINST PROPOSAL: 6

COMMISSION MEMBERS ABSTAINING: 0

(SG)